

**REPORT OF THE AUDIT OF THE
EDMONSON COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2015**



**MIKE HARMON
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EXECUTIVE SUMMARY
AUDIT OF THE
EDMONSON COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Edmonson County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Edmonson County Fiscal Court.

Financial Condition:

The Edmonson County Fiscal Court had total receipts of \$3,824,428 and disbursements of \$3,624,672 in fiscal year 2015. This resulted in a total ending fund balance of \$1,380,244, which is an increase of \$199,756 from the prior year.

Report Comment:

2015-001 The Fiscal Court Lacks Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable Wil Cannon, Edmonson County Judge/Executive
Honorable N.E. Reed, Former Edmonson County Judge/Executive
Members of the Edmonson County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Edmonson County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Edmonson County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.



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Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the financial statement is prepared by Edmonson County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Edmonson County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of Edmonson County Fiscal Court as of June 30, 2015, and its cash receipts and disbursements, for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Edmonson County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016 on our consideration of Edmonson County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edmonson County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying comment and recommendation included herein, which discusses the following report comment:

2015-001 The Fiscal Court Lacks Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

March 29, 2016

EDMONSON COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

Wil Cannon	County Judge/Executive
Bennie "Buck" Simmons	Magistrate
Joseph Durbin	Magistrate
Clark Wood	Magistrate
Charles "Edd" Rich	Magistrate
Johnny Brooks	Magistrate
Mark Woosley	Magistrate

Other Elected Officials:

J.B. Hines	County Attorney
Hank Vincent	Jailer
Kevin Alexander	County Clerk
Tanya Hodges	Circuit Court Clerk
Shane Doyle	Sheriff
Kyle White	Property Valuation Administrator
Michael Alexander	Coroner

Appointed Personnel:

Margret Skaggs	County Treasurer
Melanie Vincent	Finance Officer

EDMONSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

EDMONSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 915,748	\$	\$
In Lieu Tax Payments	110,043		
Excess Fees	75,673		
Licenses and Permits	24,787		
Intergovernmental	695,089	1,513,589	84,149
Charges for Services	4,677		963
Miscellaneous	90,251	12,877	2,601
Interest	3,877	4,422	27
Total Receipts	<u>1,920,145</u>	<u>1,530,888</u>	<u>87,740</u>
DISBURSEMENTS			
General Government	1,109,526		
Protection to Persons and Property	228,805		321,042
General Health and Sanitation	177,489		
Social Services			
Recreation and Culture	89,324		
Roads		999,487	
Debt Service	1		
Administration	232,967	139,974	9,912
Total Disbursements	<u>1,838,112</u>	<u>1,139,461</u>	<u>330,954</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>82,033</u>	<u>391,427</u>	<u>(243,214)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	197,215		243,555
Transfers To Other Funds	(312,005)	(197,215)	
Total Other Adjustments to Cash (Uses)	<u>(114,790)</u>	<u>(197,215)</u>	<u>243,555</u>
Net Change in Fund Balance	(32,757)	194,212	341
Fund Balance - Beginning (Restated)	563,969	477,629	14,993
Fund Balance - Ending	<u>\$ 531,212</u>	<u>\$ 671,841</u>	<u>\$ 15,334</u>
Composition of Fund Balance			
Bank Balance	\$ 542,811	\$ 672,045	\$ 15,334
Plus: Deposits In Transit			279
Less: Outstanding Checks	(11,599)	(204)	(279)
Fund Balance - Ending	<u>\$ 531,212</u>	<u>\$ 671,841</u>	<u>\$ 15,334</u>

The accompanying notes are an integral part of the financial statement.

EDMONSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Room Tax Fund	Parks and Recreation Fund	Emergency 911 Fund	Emergency 911 Wireless Fund	Total Funds
\$	\$ 50,084	\$	\$ 92,682	\$ 105,568	\$ 1,164,082
					110,043
					75,673
					24,787
17,513					2,310,340
					5,640
		17,943		1,719	125,391
13		7	65	61	8,472
17,526	50,084	17,950	92,747	107,348	3,824,428
					1,109,526
			80,565	81,592	712,004
16,595					194,084
7,225					7,225
	25,932	93,095			208,351
					999,487
					1
		7,257	3,884		393,994
23,820	25,932	100,352	84,449	81,592	3,624,672
(6,294)	24,152	(82,402)	8,298	25,756	199,756
		68,450			509,220
					(509,220)
		68,450			
(6,294)	24,152	(13,952)	8,298	25,756	199,756
13,503	3,879	15,159	29,306	62,050	1,180,488
\$ 7,209	\$ 28,031	\$ 1,207	\$ 37,604	\$ 87,806	\$ 1,380,244
\$ 7,209	\$ 28,031	\$ 1,676	\$ 41,752	\$ 87,806	\$ 1,396,664
					279
		(469)	(4,148)		(16,699)
\$ 7,209	\$ 28,031	\$ 1,207	\$ 37,604	\$ 87,806	\$ 1,380,244

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Edmonson County includes all budgeted and unbudgeted funds under the control of the Edmonson County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The following entity: Edmonson County Tourist and Convention Commission would have been included in the reporting entity under accounting principles generally accepted in the United State of America (GAAP) as established by the Government Accounting Standards Board. However under the regulatory basis it is no longer a required component of the reporting entity. The audit of the following entity can be obtained from the Edmonson County Fiscal Court at the Edmonson County Courthouse, P.O. Box 353, Brownsville, Kentucky 42210.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for mineral severance tax and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Room Tax Fund - The primary purpose of this fund is to account for the transient room tax collected and submitted to Edmonson County Tourist and Convention Commission. The primary source of receipts for this fund is the transient room tax from lodging establishments.

Parks and Recreation Fund - The primary purpose of this fund is to account for the expenses of the parks and recreation department. The primary sources of receipts for this fund are transfers from the General Fund and recreational tax received from the Edmonson County Recreational Tax Board.

Emergency 911 Fund - The primary purpose of this fund is to account for the emergency 911 expenses of the county. The primary source of receipts for this fund is the 911 land line telephone surcharge. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Emergency 911 Wireless Fund - The primary purpose of this fund is to account for certain emergency 911 expenses of the county. The primary source of receipts for this fund is the 911 wireless telephone surcharge. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Edmonson County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Edmonson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Edmonson County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 197,215	\$ 197,215
Jail Fund	243,555		243,555
Parks and Recreation Fund	68,450		68,450
Total Transfers Out	<u>\$ 312,005</u>	<u>\$ 197,215</u>	<u>\$ 509,220</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Long-term Debt

A. General Obligation Refunding Lease, Series 2012

On August 13, 2012, the Edmonson County Fiscal Court entered into a General Obligation Refunding Lease Agreement, Series 2012, with Fifth Third Bank for \$750,983 to advance refund the First Mortgage Revenue Refunding Bonds, Series 2004, issued by the Edmonson County Public Properties Corporation. During fiscal year 2015, the Administrative Office of the Courts, Commonwealth of Kentucky, paid debt service of \$79,453 on behalf of the Edmonson County Fiscal Court. Principal is payable annually on March 1 and interest is payable semiannually on September 1 and March 1. Interest rate is 2.17%. The maturity date of the lease is March 1, 2023. As of June 30, 2015, the principal balance was \$576,773. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 69,791	\$ 12,516
2017	88,966	11,001
2018	67,777	9,071
2019	71,757	7,600
2020	75,617	6,043
2021-2023	<u>202,865</u>	<u>8,195</u>
Totals	<u>\$ 576,773</u>	<u>\$ 54,426</u>

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Long-term Debt (Continued)

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Lease	\$ 642,288	\$	\$ 65,515	\$ 576,773	\$ 69,791
Total Long-term Debt	<u>\$ 642,288</u>	<u>\$ 0</u>	<u>\$ 65,515</u>	<u>\$ 576,773</u>	<u>\$ 69,791</u>

Note 5. Litigation

A. Civil Action 12-CI-00039

On February 29, 2012, the former Edmonson County Judge/Executive, and the Edmonson County Fiscal Court filed litigation in Edmonson County Circuit Court against the former Edmonson County Clerk, requesting a judgment in the amount of \$24,771. This amount was obtained from the audit report for calendar year 2010 released by the Auditor of Public Accounts, Commonwealth of Kentucky. A portion of this, \$20,103, is where the former County Clerk exceeded the deputies' maximum salary limitation set by the fiscal court for calendar year 2010 and \$4,668 of this amount is excess fees due to the fiscal court for calendar year 2010. In addition, the fiscal court seeks recovery of costs, expenses, attorney's fees, and recovery of prejudgment and post judgment interest as may be available under applicable law.

On May 22, 2012, the former Edmonson County Clerk countersued requesting declaratory judgments that the fiscal court is without authority to amend the County Clerk's budget without his accord; and that the annual budgets of the Edmonson County Clerk's office passed by the Edmonson County Fiscal Court were arbitrary, unreasonable and contrary to law thereby nullifying any claims of the fiscal court relative to overtures. In addition, the countersuit seeks award of the former County Clerk's costs and attorney's fees. This case is currently pending in Edmonson County Circuit Court.

B. Civil Action 13-CI-00109

On September 4, 2013, the former Edmonson County Judge/Executive, and the Edmonson County Fiscal Court filed litigation in Edmonson County Circuit Court against the former Edmonson County Clerk, requesting a judgment in the amount of \$13,061. This amount was obtained from the audit report for calendar year 2011 released by the Auditor of Public Accounts, Commonwealth of Kentucky. A portion of this, \$7,035, is where the former County Clerk exceeded the deputies' maximum salary limitation set by the fiscal court for calendar year 2011 and \$6,026 of this amount is excess fees due to the fiscal court for calendar year 2011. In addition, the fiscal court seeks recovery of costs, expenses, attorney's fees, and recovery of prejudgment and post judgment interest as may be available under applicable law.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Litigation (Continued)

B. Civil Action 13-CI-00109 (Continued)

On September 24, 2013, the former Edmonson County Clerk countersued requesting declaratory judgments that the fiscal court is without authority to amend the County Clerk's budget without his accord; and that the annual budgets of the Edmonson County Clerk's office passed by the Edmonson County Fiscal Court were arbitrary, unreasonable and contrary to law thereby nullifying any claims of the fiscal court relative to overtures. In addition, the countersuit seeks award of the former County Clerk's costs and attorney's fees. This case is currently pending in Edmonson County Circuit Court.

Note 6. Employee Retirement System

A. Plan Description

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$203,659, FY 2014 was \$200,854, and FY 2015 was \$194,476.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 6. Employee Retirement System (Continued)

A. Plan Description (Continued)

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Kentucky Retirement Systems issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

B. Net Pension Liability

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, Edmonson County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Non-Hazardous	\$ 1,824,000	\$ 1,612,000
Totals	<u>\$ 1,824,000</u>	<u>\$ 1,612,000</u>

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Deferred Compensation

On March 12, 2003, the Edmonson County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 8. Insurance

For the fiscal year ended June 30, 2015, Edmonson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Conduit Debt

From time to time the fiscal court has issued bonds to provide financial assistance to LifeSkills, Inc. and National Corvette Museum Foundation, Inc., for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Edmonson County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2015, two series of revenue bonds were outstanding, with an aggregate principal amount payable of \$9,473,243.

Note 10. Prior Period Adjustment

The beginning balances reported on the Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis for the General Fund and Road Fund have been restated by an increase of \$435 and \$1,835, respectively, for prior year outstanding checks voided in the current year.

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 895,000	\$ 895,000	\$ 915,748	\$ 20,748
In Lieu Tax Payments	115,000	115,000	110,043	(4,957)
Excess Fees	20,000	50,000	75,673	25,673
Licenses and Permits	25,200	25,200	24,787	(413)
Intergovernmental	573,415	955,475	695,089	(260,386)
Charges for Services	11,000	11,000	4,677	(6,323)
Miscellaneous	90,000	144,411	90,251	(54,160)
Interest	5,000	5,000	3,877	(1,123)
Total Receipts	1,734,615	2,201,086	1,920,145	(280,941)
DISBURSEMENTS				
General Government	999,456	1,382,017	1,109,526	272,491
Protection to Persons and Property	228,205	348,305	228,805	119,500
General Health and Sanitation	183,348	190,374	177,489	12,885
Recreation and Culture	95,500	95,500	89,324	6,176
Debt Service	1	1	1	
Administration	318,000	258,984	232,967	26,017
Total Disbursements	1,824,510	2,275,181	1,838,112	437,069
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(89,895)	(74,095)	82,033	156,128
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	197,215	197,215	197,215	
Transfers To Other Funds	(239,005)	(301,005)	(312,005)	(11,000)
Total Other Adjustments to Cash (Uses)	(41,790)	(103,790)	(114,790)	(11,000)
Net Change in Fund Balance	(131,685)	(177,885)	(32,757)	145,128
Fund Balance Beginning	131,685	193,685	563,969	370,284
Fund Balance - Ending	\$ 0	\$ 15,800	\$ 531,212	\$ 515,412

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,613,111	\$ 1,613,111	\$ 1,513,589	\$ (99,522)
Miscellaneous	4,500	4,500	12,877	8,377
Interest	4,000	4,000	4,422	422
Total Receipts	1,621,611	1,621,611	1,530,888	(90,723)
DISBURSEMENTS				
Roads	1,271,638	1,270,938	999,487	271,451
Capital Projects	20,000	4,700		4,700
Administration	162,500	178,500	139,974	38,526
Total Disbursements	1,454,138	1,454,138	1,139,461	314,677
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	167,473	167,473	391,427	223,954
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(197,215)	(197,215)	(197,215)	
Total Other Adjustments to Cash (Uses)	(197,215)	(197,215)	(197,215)	
Net Change in Fund Balance	(29,742)	(29,742)	194,212	223,954
Fund Balance Beginning (Restated)	29,742	29,742	477,629	447,887
Fund Balance - Ending	\$ 0	\$ 0	\$ 671,841	\$ 671,841

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 93,000	\$ 93,000	\$ 84,149	\$ (8,851)
Charges for Services	1,100	1,100	963	(137)
Miscellaneous			2,601	2,601
Interest	50	50	27	(23)
Total Receipts	94,150	94,150	87,740	(6,410)
DISBURSEMENTS				
Protection to Persons and Property	255,210	306,510	321,042	(14,532)
Administration	9,495	10,695	9,912	783
Total Disbursements	264,705	317,205	330,954	(13,749)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(170,555)	(223,055)	(243,214)	(20,159)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	170,555	223,555	243,555	20,000
Total Other Adjustments to Cash (Uses)	170,555	223,555	243,555	20,000
Net Change in Fund Balance		500	341	(159)
Fund Balance Beginning			14,993	14,993
Fund Balance - Ending	\$ 0	\$ 500	\$ 15,334	\$ 14,834

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 17,513	\$ (6,487)
Interest	50	50	13	(37)
Total Receipts	24,050	24,050	17,526	(6,524)
DISBURSEMENTS				
General Health and Sanitation	16,595	16,595	16,595	
Social Services	7,100	7,400	7,225	175
Recreation and Culture	355	55		55
Total Disbursements	24,050	24,050	23,820	230
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(6,294)	(6,294)
Net Change in Fund Balance			(6,294)	(6,294)
Fund Balance Beginning			13,503	13,503
Fund Balance - Ending	\$ 0	\$ 0	\$ 7,209	\$ 7,209

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

ROOM TAX FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 85,000	\$ 85,000	\$ 50,084	\$ (34,916)
Total Receipts	85,000	85,000	50,084	(34,916)
DISBURSEMENTS				
Recreation and Culture	85,000	85,000	25,932	59,068
Total Disbursements	85,000	85,000	25,932	59,068
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			24,152	24,152
Net Change in Fund Balance			24,152	24,152
Fund Balance Beginning			3,879	3,879
Fund Balance - Ending	\$ 0	\$ 0	\$ 28,031	\$ 28,031

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

PARKS AND RECREATION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 14,250	\$ 14,250	\$ 17,943	\$ 3,693
Interest	100	100	7	(93)
Total Receipts	14,350	14,350	17,950	3,600
DISBURSEMENTS				
Recreation and Culture	73,130	97,830	93,095	4,735
Administration	9,670	10,270	7,257	3,013
Total Disbursements	82,800	108,100	100,352	7,748
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(68,450)	(93,750)	(82,402)	11,348
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	68,450	77,450	68,450	(9,000)
Total Other Adjustments to Cash (Uses)	68,450	77,450	68,450	(9,000)
Net Change in Fund Balance		(16,300)	(13,952)	2,348
Fund Balance Beginning			15,159	15,159
Fund Balance - Ending	\$ 0	\$ (16,300)	\$ 1,207	\$ 17,507

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY 911 FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 90,000	\$ 90,000	\$ 92,682	\$ 2,682
Interest	500	500	65	(435)
Total Receipts	90,500	90,500	92,747	2,247
DISBURSEMENTS				
Protection to Persons and Property	97,548	98,103	80,565	17,538
Administration	4,593	4,038	3,884	154
Total Disbursements	102,141	102,141	84,449	17,692
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(11,641)	(11,641)	8,298	19,939
Net Change in Fund Balance	(11,641)	(11,641)	8,298	19,939
Fund Balance Beginning	11,641	11,641	29,306	17,665
Fund Balance - Ending	\$ 0	\$ 0	\$ 37,604	\$ 37,604

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY 911 WIRELESS FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 105,000	\$ 105,000	\$ 105,568	\$ 568
Miscellaneous			1,719	1,719
Interest	100	100	61	(39)
Total Receipts	105,100	105,100	107,348	2,248
DISBURSEMENTS				
Protection to Persons and Property	105,100	105,100	81,592	23,508
Total Disbursements	105,100	105,100	81,592	23,508
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			25,756	25,756
Net Change in Fund Balance			25,756	25,756
Fund Balance Beginning			62,050	62,050
Fund Balance - Ending	\$ 0	\$ 0	\$ 87,806	\$ 87,806

EDMONSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Excess Of Disbursements Over Appropriations

The Protection to Persons and Property line item in the Jail Fund exceeded budgeted appropriations by \$14,532 resulting in the Jail Fund exceeding total budgeted appropriations by \$13,749.

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EDMONSON COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015

EDMONSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 675,269	\$	\$	\$ 675,269
Buildings and Land Improvements	3,008,705			3,008,705
Vehicles and Equipment	1,860,774			1,860,774
Infrastructure	1,746,402			1,746,402
 Total Capital Assets	 <u>\$ 7,291,150</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 7,291,150</u>

EDMONSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2015

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings	\$ 75,000	10-75
Building Improvements	\$ 50,000	10-60
Machinery and Equipment	\$ 15,000	3-25
Vehicles	\$ 15,000	3-10
Infrastructure	\$ 50,000	10-50
Office Equipment	\$ 10,000	3-15
Office Furniture	\$ 1,000	3-15

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Wil Cannon, Edmonson County Judge/Executive
Honorable N.E. Reed, Former Edmonson County Judge/Executive
Members of the Edmonson County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Edmonson County Fiscal Court for the fiscal year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Edmonson County Fiscal Court's financial statement and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Edmonson County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Edmonson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edmonson County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comment and recommendation we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comment and recommendation as item 2015-001 to be a material weakness.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Edmonson County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County Judge/Executive's Response to Finding

The Edmonson County Judge/Executive's response to the finding identified in our audit is described in the accompanying comment and recommendation. The County Judge/Executive's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

March 29, 2016

EDMONSON COUNTY
COMMENT AND RECOMMENDATION
For The Year Ended June 30, 2015

EDMONSON COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2015

INTERNAL CONTROL - MATERIAL WEAKNESS:

2015-001 The Fiscal Court Lacks Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

The fiscal court lacks adequate segregation of duties over receipts, disbursements, and bank reconciliations. The Finance Officer receives the mail, makes copies of the checks, prepares and takes deposit to bank. The County Treasurer posts the receipts and disbursements to the ledgers, prepares and signs the checks, and reconciles the bank account monthly. In addition, the County Treasurer prepares the financial report. The condition is a result of a limited budget, which restricts the number of employees fiscal court can hire or delegate duties to. Lack of segregation of duties increases the fiscal court's risk of misappropriation of assets, errors, and inaccurate financial reporting. Segregation of duties over receipts, disbursements, and the reconciliation process, or implementation of compensating controls, is essential for providing protection to employees in the normal course of performing their duties and can also prevent inaccurate financial reporting and misappropriation of assets. We recommend the fiscal court strengthen internal controls by segregating these duties. If segregation is not possible due to a limited number of staff, strong oversight should be implemented. The employee providing this oversight should document his or her review by initialing all source documentation.

County Judge/Executive's Response: We will look over the bank reconciliation and ledgers making sure they agree and sign off on the form.

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

EDMONSON COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2015**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
EDMONSON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Edmonson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

